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SUBJECT: Despite One-Stop Lab, Producers Still Complain about  
Duplicate Testing

REF: A) GUANGZHOU 146; B) 2007 GUANGZHOU 1226

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11. (SBU) Summary: Even with the opening of south China's first  
joint-venture testing lab that will provide one-stop shopping for  
third party and government testing, toy manufacturers in the Pearl  
River Delta complain about the burden of meeting multiple standards.  
They believe that that a new conformity assessment program  
established by the U.S. toy industry and new laws issued by state  
governments will further increase duplicate testing. In addition,  
they find it difficult to obtain up-to-date information on recent  
changes in various standards around the world. Toy industry  
insiders continue to express hope for toy standards harmonization,  
which would increase overall safety and reduce total costs for safe,  
high quality toys around the world. End summary.

One Stop Testing -- Joint Venture Testing Lab Opens  
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12. (SBU) Intertek and the Guangdong branch of China Inspection and  
Quarantine Service (CIQ) officially unveiled their new joint venture  
toy lab on March 28. Intertek executives described the joint  
venture as a critical step for south China's toy industry because it  
will lower overall costs by reducing the need for duplicate testing  
at third-party and government laboratories. Executives representing  
several foreign toy buyers said they were impressed with the new lab  
and pleased by the prospect of a streamlined testing process. Mr.  
Chen Yang of Guangdong CIQ said the new lab doubles the CIQ's toy  
testing capacity in Guangdong Province. Guangdong CIQ will assign  
as many as 10 officers at a time to work at the joint venture  
laboratory, mostly in oversight and management roles. Nevertheless,  
one Intertek official boasted to Econoff at the opening ceremony  
that although this lab adds significant space to Intertek's south  
China toy testing capacity, the company's Shekou (Shenzhen) toy lab  
is larger and more advanced.

But Duplicate Testing Increasing  
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13. (U) Despite this step forward in streamlining testing, south  
China's toy makers complain that they feel besieged by external

safety and compliance mandates. Some large firms said the recently proposed Toy Safety Coordination Initiative (TSCI), proposed by the U.S. toy industry and standards body American National Standards Institute (ANSI), was similar to other standards but less strict than testing and safety requirements imposed by major U.S. buyers like Wal-Mart and Toys R Us. Several smaller firms and the Guangdong Toy Association complained that the new TSCI proposal would virtually duplicate China's safety standards for toys sold domestically (known as the China Compulsory Certification mark, or "3C" mark), raising the costs for toy makers, and possibly for consumers, by a large margin. Some testing firms also raised questions about the effect of U.S. state governments imposing their own safety requirements, potentially adding another layer of complexity to the current regulatory environment.

#### Information Dissemination Needs Improvement

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14. (U) Many toy manufacturers tell us they rely heavily on third-party testing organizations for information on new standards. Testing companies and the Guangdong Toy Association said they have dedicated staff working to obtain the latest safety requirements from importing countries, as well as dissemination strategies including seminars, postal mailings and email, websites and other forms of outreach. Many manufacturers and testing companies have told us of the need for more centralized release of standards information, complaining that China's General Administration of Quality Supervision and Quarantine (AQSIQ) and Ministry of Commerce (MOFCOM) do not seem well prepared to disseminate timely, accurate information to China's toy industry.

15. (U) China's authorities are reportedly taking a more active role in the area of soliciting industry comments to foreign standards

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changes. Toy makers and their industry association said AQSIQ and MOFCOM had translated proposed U.S. and EU regulations into Chinese and requested specific comments from industry through local CIQ offices. CIQ officials indicated to industry contacts that their comments would be conveyed to foreign governments deliberating new toy safety regulations.

#### Calling Again for Harmonized Standards

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16. (U) There is broad agreement among manufacturers and testing companies that standards harmonization between different countries and buyers would be the most effective strategy for increasing toy safety and reducing costs. They emphasized that under the current system there is no way to avoid conducting a separate battery of tests to demonstrate compliance with each set of standards. Many companies see the rapidly changing regulatory environment as a serious business challenge. Several pointed out that uncertainties over changing regulations could force toy makers to incur substantial new capital costs without assurance that the new regulations will stabilize in coming years.

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